

A Work Project, presented as a part of the requirements for the Award of a Master Degree in
Management from the NOVA – School of Business and Economics.

**THE ROLE OF COMMUNICATION IN MERGERS AND ACQUISITIONS (M&A): A
COMPARATIVE CASE STUDY ANALYSIS OF ACQUISITIONS MADE BY
PLASTOFORM GROUP, D.D. IN SLOVENIA**

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Lisbon, 26th May 2017

ABSTRACT

Most researches view communication as a critical factor in mergers and acquisitions (M&A) yet little empirical research has been done to determine its role. Thus, this thesis investigates the link between richness and continuity of communication and the outcome of an M&A. Data drawn from a comparative case study analysis of two acquisitions made by Plastoform Group in Slovenia suggests that when communication is strategically planned in terms of its frequency and content, it will enhance employees' commitment and accelerate the process of strengthening the company in terms of financial performance. This extends the earlier findings on key determinants of a successful M&A and furthermore confirms the importance of the role of communication throughout the whole process.

Keywords: mergers and acquisitions, communication, commitment, merger outcome, Slovenia

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INTRODUCTION

The global mergers and acquisitions (M&A) faced some vibrant years in the past decade, especially in 2016, where deals, both in terms of volume and count, bore amid substantial global uncertainty due to changes in the geopolitical arena, Brexit and increased regulatory scrutiny. Nevertheless, several strategic mergers took place in 2016 with an overall worth of \$3.9 trillion (J.P. Morgan, 2017) and where effective integration planning was considered as the number one factor in ensuring that deals work (M&A Trends, Deloitte, 2016). However, there is still a large percentage of deals that ultimately destroy shareholder value which makes understanding the core components of a deal an important issue for many managers (Bastien, 1987; Brahma & Srivastava, 2007; Gomes et al., 2013; Stahl et al., 2013).

One of the key success factors, to which scholars started paying particular attention especially in the recent years, is the role of communication (Bastien, 1987; Schweiger & DeNisi, 1991; Risberg, 1997; Papadakis, 2005; Lloyd, 2006; Angwin, Gomes, Mellahi and Peter, 2016). It is viewed as the “backbone of M&A success and one of the prime reasons for M&A failure” (Angwin et al., 2016, pp. 2370). Outcomes of effective communication are mainly positive, from reducing uncertainty to increased levels of commitment and trust. Ineffective communication, on the other hand, increases the levels of ambiguity and produces negative outcomes. Studies of Bastien (1987) and Schweiger & DeNisi (1991) emphasize that the styles of communication may affect differently the employee commitment to the strategy of the merged organization and thus may impose different inferences for an M&A performance. Yet, little empirical research has been done to examine the linkage between different types of communication and employee commitment to newly formed organization’s strategy. This results in an incomplete picture of the way different communication approaches affect the outcome of an M&A.

This thesis builds upon the work of Angwin et al., 2016 which addressed the previously mentioned incomplete picture by developing a typology that incorporates both the process of communication, i.e. timing and frequency, and the content of communication, i.e. how rich the communication is. It aims to extend the empirical evidence of the phenomena studied by investigating its applicability to the context of a Slovenian corporate deal making arena and extending past studies that previously focused only on communication during the post-merger process by looking at the role of communication throughout the whole process.

Against this background, the main purpose of this thesis is to investigate the linkage between the process and content of communication strategies employed and M&A outcome in terms of financial performance of the acquired organization and the employee commitment. The objective is to explore whether the communication approaches were distinctive with regard to a specific acquisition and how that distinctions affect the outcome of the acquisition.

This study focuses on the acquisition activity of a Slovenian holding Plastoform Group d.d. and its two most recent acquisitions of Papiroti, d.o.o. (2012) and Akripol, d.o.o. (2016). The current portfolio consists of six companies and two start-ups; with Papiroti manufacturing paper bags and annual revenues of €13 Million (Plastoform Group Annual Report, 2016) and Akripol as a leading European manufacturer of advanced polymer materials with annual revenues of €11 Million (Plastoform Group Annual Report, 2016). Both of the acquired companies were facing financial distress in the time of the acquisition and Plastoform Group's to undertake companies in this kind of financial situation is largely driven by their strategy to strengthen the existing holding portfolio, to improve the resource base of the company and to provide the companies with a better strategic position on the market. Both Papiroti and Akripol presented a fit in terms of synergies (production facilities, suppliers), costs and revenues.

This thesis has four parts. First, it examines the existent body of knowledge on topic of communication in M&As and employee commitment. This is followed by a research methodology which outlines the research method used and summarized findings. Finally, conclusions will be drawn, limitations acknowledged for and directions for future research offered.

LITERATURE REVIEW

Mergers and acquisitions are considered as external methods for company's growth, allowing for fast and efficient way to expand into new markets, acquiring new competences, creating economies of scale, globalizing, spreading risk and even dominating the existing markets (Bastien, 1987; Seo & Hill, 2016). An "acquisition is when one company takes over another, establishing itself as the new owner and a merger happens when two companies decide to go forward as a new company rather than remain separately owned and operated" (Gomes et al., 2011, pp. 6).

Extensive research has been made on what makes the odds of deal success move in the favour of the acquirer yet many M&As still fail to realize gains and fulfil the objectives. Due to the complexity surrounding each deal, the existing knowledge on factors influencing performance has been non-integrative, focused either on pre- or post-acquisition stage, not taking into account the linkages throughout the whole process (Gomes et al. 2007; Gomes et al. 2013; Stahl et al., 2013; Seo & Hill, 2016). One of the core factors of an M&A success is communication, emphasized as a beneficial device to negotiate the meaning out of the ambiguities that occur when there is no clear explanation of the set of events, such as an M&A (Risberg, 1997; Buffington, 2004; Brahma & Srivastava, 2007).

Little empirical research has been conducted to examine the link between different communication approaches and the outcome of an M&A; nevertheless, the general understanding highlights that more communication is better. Providing rich, recurrent and timely communication and understandable message to why the merger is taking place helps to reduce levels of uncertainty, develop collective understanding, enhances knowledge transfer and helps the integration of merging corporate structures and cultures as it helps to minimize the potentially damaging effects of cultural differences (Schweiger & DeNisi, 1991; Risberg, 1997; Papadakis, 2005; Lloyd, 2006; Barker et al., 2010; Gomes et al., 2012; Angwin et al., 2016). It represents one of the most important tools to move away from the negative atmosphere and to promote team spirit through common vision and later on provide good basis for a smooth implementation process (Risberg, 1997; Peet, 1997).

Actions of managers, either the ones of the acquirer or the acquired company, are read as communication, even though they might not be intended as such (Bastien, 1987). Therefore, managers should aim to develop appropriate communication skills and communication strategy, allocating sufficient time to implement it (Lewis et al., 2006; Brahma & Srivastava, 2007; Gomes et al., 2013). For M&As to succeed, communication cannot stop at the top management level – it needs to flow throughout the whole organization and the content should be of great relevance and honesty, even when the message is undesirable, such as job loss (DiGeorgio, 2002; Whalen, 2002; Angwin et al., 2016).

The stress that employees encounter while being part of a deal is mainly concentrated around the uncertainty about the future and not the actual changes during the post-acquisition implementation phase (Risberg, 1997). This stress affects their daily task execution during the merger, therefore the less the stress, the better the performance (Brahma & Srivastava, 2007). Providing ineffective, fragmented communication undermines the success of an M&A since it

leads to increased levels of ambiguity, low levels of trust and commitment, reduced productivity, increase of absenteeism and job insecurity (Papadakis, 2005).

With no or low levels of straightforward and full communication, employees will rely on rumours and other informal communications (Risberg, 1997; Wells, 2004). They will look for indications on how the future will unfold for them, make assumptions with no evidence that they are correct and quite often, have a very pessimistic view on the issue, which all in turn leads to counterproductive behaviour (Angwin et al., 2016). Rumours tend to focus on negative information and are not an efficient mean of reducing anxiety. Moreover, when they repeat themselves on a daily basis, this increases people's belief in them. This might later on undermine any attempt from the managers to deny them and compromise employees' faith in management's actions and the accuracy and honesty of the information they provide (Risberg, 1997).

Framework, developed by Angwin et al. (2016) emphasizes four different communication approaches (Table 1) a company can undertake in an M&A. These four approaches differ with regard to two features – communication timing and communication richness. First feature, communication richness, is defined by the medium of communication and the type of communication exchanged. More personalized communication, e.g. face-to-face meetings, has greater impact on the recipient than an impersonal, e.g. e-mails and conferences, since messages received in this way are believed to add another layer of confidence. Although in-personal communication can be time consuming, the face-to-face meetings are the most powerful way to communicate, especially if employees are given the opportunity to ask questions and air their concerns - giving them a voice in the process (Lewis et al., 2006; Gomes et al., 2011). Moreover, communication that is rich in content is believed to reduce employee uncertainty and incorrect rumours, leading to a potentially positive outcome. Schweiger & DeNisi (1991) emphasize that

organizations that communicate caring and concern to employees, may be able to expect increased levels of employee commitment.

Second feature, communication timing, reflects frequency and the duration of the contact. Timeline of actions during the process is gaining attention, with emphasis on the fact that it is important to communicate relevant and available content to all stakeholders as early as possible through a developed precise timeline of communication, when many form their opinion about the acquiring company and the process itself (Risberg, 1997; Lloyd, 2006; Gomes et al., 2012). The challenge here is to strike a balance between the “need for secrecy and the inevitable fact that the more you communicate, the smoother the internal transition.” (Peet, 1997, pp. 17).

The four approaches are as follows: immersive (continuous and rich communication), drip-feeding (continuous information yet through mediums that lack of rich information), feast and famine (rich yet intermittent information) and perfunctory (not communicating continuously and using mediums that do not provide rich information).

Table 1: Interaction between timing and richness of M&A communications

Communication Richness		Communication Timing	
		Intermittent	Continuous
	High	Feast and Famine Rich but intermittent	Immersive Rich and continuous
	Low	Perfunctory Lean and intermittent	Drip-feeding Lean but continuous

Appropriate, personal and continuous communication of intended strategic intent of the merger may help align the employees’ commitment to the purpose of the organization and improve

mergers' performance (Faulkner et al., 2002; Habech et al., 2000; Bartels et al., 2009; Angwin et al., 2016). Feelings of being treated with dignity and respect during interactions with managers conveys to enhanced levels of commitment among employees (Raina, 2010; Gomes et al., 2011). Communicating information makes the employees feel part of the process and create an internal environment of trust and fairness since, in terms of commitment, when it comes to changes in the organization on the level of top management or the ownership, the first reaction from an employees' perspective to this kind of uncertainty is to focus primarily themselves and their personal security rather than the benefit of the organization and its goals (Bastien, 1987; Risberg, 1997; Papadakis, 2005; Thomas et al., 2009).

Commitment, i.e. feelings and/or beliefs that address the relationship the employee has with the organization, can be either calculative or affective, with the latter referring to the emotional attachment an employee feels towards an organization and is contingent upon several factors, such as personal characteristics (age, tenure, sex, education; personal dispositions, such as need for achievement, affiliation, autonomy, etc.), structural characteristics, job-related characteristics and work experiences (experiences satisfying employees' needs and those that are compatible with their values) (Meyer & Allen, 1991).

Calculative commitment, on the other hand, is defined as "cognitive evaluation of the instrumental worth of a continued relationship within the organization. At the individual level, it represents the move to a new employer' (Gomes, et al., 2017). Meyer & Allen (1991) also highlight that while performing a cost-benefit analysis of remaining within the company, an individual takes into account investments, availability of alternatives and different side bets - work or non-work related, such as giving up seniority-based privileges and other benefits, wasting time and effort spent acquiring skills that make him unique, relocating with the family and changing personal relationships, etc. All of the above might represent a significant a cost

when thinking of leaving the company.

To what extent and in which way an employee is willing to contribute to the organization will be influenced by which of the commitments he or she experiences - it might be that employees who want to be part of the organization are more likely to make an effort on the behalf of the organization than those who need to (Meyer & Allen, 1991). When there is an M&A taking place, they need to identify themselves with somewhat interrupted set of rules, which in turn threatens their organizational identification (Van Dick et al., 2006). When positive, this leads to a larger sense of loyalty and commitment to the organization and may be a critical component during an M&A process and may in turn give management more room and flexibility in adapting to changes (Schweiger & DeNisi, 1991; Lee et al., 2009; Raina, 2010).

METHODOLOGY

This thesis aims to build upon the already existing knowledge on the topic of what influences the success of an M&A, decreasing ambiguity specifically with regard to the role of communication and to improve company's approaches of communication in future M&A activity. Moving away from the prevalent research focused only on a single period of M&A, the impact of communication is to be explored throughout the whole process. Building upon the typology, developed by Angwin et al. (2016), the focus is placed on the connection between strategic communication (richness and timing) and M&A outcome in Slovenian corporate deal-making arena.

Approach undertaken, namely comparative case study analysis, allows for exploration and understanding of complex issues, such as an M&A, which requires an in-depth investigation. It will cover two cases of acquisition with an end result that is a collection of data that is a lot richer

and of greater depth than data collected in other research designs. The results will be useful to understand and explain how the context influences the outcome and how to better tailor the specific features in order to achieve the desired outcome. In the process of obtaining the data, qualitative method of semi-structured interview was adopted. By doing so, the process and the outcome of an M&A can be explained through complete observation, reconstruction and analysis of the cases subject to research.

Data was obtained in a two-week period at the end of April/beginning of May 2017 and is based on participant recall, retrospective and involves information about different variables in both pre- and post-merger periods in order for comparisons to be made. Since M&As are a process that includes unusually high levels of emotional distress, performing an analysis after some time may help with gaining a more objective view of employees on the process itself. In order to minimize any distorted data, the two most recent M&As were selected as subjects of the analysis and the data was cross-checked by collecting data from ten interviewees in different management positions and on both sides of the deal, which also enabled for an evaluation of the situation from a wider perspective.

Semi-structured interviews were conducted with employees of each of the acquired companies, Papiroti (four interviewees) and Akripol (six interviewees). The participants were aged between 22 and 65 and were part of the top and middle management, ranging from marketing/sales departments to finance/accounting and logistics. They were led in Slovene, lasted between 45 and 60 minutes each, recorded, later on translated to English and performed either in person or through communication software program, e.g. Skype. All participants were reassured anonymity and informed prior to the execution of the interviews that their participation is completely voluntary and that the results serve only to gain deeper understanding of the issue researched.

Questions evaluating the richness and timing of communication were posed during the interviews (Appendix 1) in order to assess where both of the acquisitions might lie in the typology and whether its communication approach changed. Moreover, in order to assess employee commitment, questions regarding that were also posed during the interviews (Appendix 2). The M&A outcome is captured then through measures of organizational financial performance and employee commitment to the positive outcome of the merger. Since both companies were acquired in the period of financial distress with high levels of debt, positive outcome would then result in improved and sustainable financial performance.

FINDINGS

With the data obtained from the interviews, locating each of the acquisitions within the framework developed by Angwin et al. (2016) was conducted and compared with regards to communication continuity and richness.

Case 1 (Papiroti, d.o.o.): *Perfunctory – lean and intermittent*

Richness of communication

Communication scope in this case was rather limited. There had been no previous official communication to the employees of the fact that the company was up for sale; nevertheless, there was a large amount of rumours floating around that suggested that. Majority of the employees got to know about the acquisition from the local newspaper and on the radio; one interviewee expressed feeling of resentment when the news was communicated to him (Appendix 3: Quote 1). There were no workers' assembly, no face-to-face or group meetings with the middle-level managers and employees therefore had to rely mainly on rumours. One of the employees on the lower level mentioned that the communication was unorganized and that people would spend a lot of time in the common areas waiting for any kind of information regarding the acquisition

(Appendix 3: Quote 2). Great uncertainty was evident before the acquisition took place since the employees were provided with no information on what their role will be in the new organization (Appendix 3: Quote 3).

The management gave information on the acquisition only after the legal procedures took place, with a general e-mail addressed to the employees. The e-mail stated that the acquisition was part of Plastoform Group's growth strategy and that it will provide Papiroti with an opportunity for international expansion and improved financial performance; lacking any kind of information on potential lay-offs. They felt there was a lot of political manoeuvring, with a lot of top managers having their own agenda and not sharing the information with employees.

Continuity of communication

In this particular case, the communication was rather lean and intermittent and can therefore be categorized as “perfunctory” in the typology developed by Angwin et al. (2016).

As already stated, during the pre-merger period, there was no communication employed by the top management. In terms of frequency, the communication was very poor – there were no official statements released in any point during the pre-acquisition phase, all of the question of the employees were disregarded and no clear explanation was provided. After the acquisition, the communication approach improved, both in frequency and the content. Yet, employees' uncertainty about the future decreased to some extent but what was keeping them in suspense was no information communicated on the reorganization, either negative or positive. Two days after the formal arrangements of the acquisition, the CEO addressed the employees with a general e-mail, describing how the integration will take place – e.g. the IT infrastructure of the company will be replaced within the next two weeks, etc. After that, they were given information through weekly, sometimes monthly, releases on how the company is improving in terms of financial performance and what were the key actions taken by the top management with regard to the

improvements of different areas of the company, e.g. new machinery, education programmes for employees, additional benefits, etc.

Outcome

In terms of strategic commitment, it increased after the acquisition. In the pre-merger stage, there was obvious lack of information, which made employees think negatively about their future, with some stating they looked for job alternatives and feeling rather stressed since it was a period of slow economic growth. They stated that the communication was not appropriate at the beginning but improved after the acquisition (Appendix 3: Quote 4 and Quote 5). Moreover, they feared they will have to geographically relocate, since Plastoform Group was not a regional player. Yet, they were hopeful, since the company was in financial distress and Plastoform Group had a reputation for being a strong player with positive future outlook. Due to the global financial situation, many stated it was hard for them to leave the company, even if they wanted to since there were not a lot of job vacancies available (Appendix 3: Quote 6). Staying in the company was part of a necessity and part loyalty to the company, since three out of four interviewees stated that Papiroti was their first employer.

In terms of financial performance, Papiroti noted a 2.5% growth in revenues in the year after the acquisition (2013). The objective of achieving a 4% growth in 2013 was not achieved, since as the company CEO stated, the due diligence was not performed correctly and there were many internal problems that became apparent after the acquisition. One of the employees also stated that during the first year after the acquisition not a lot of people knew what their role was and to who they are reporting, which produced an environment of confusion and lower levels of productivity. In the period from 2014-2016, the company noted an 12.6% growth in revenues, which, according to the CEO, outperformed their objectives.

Case 2 (Akripol, d.o.o.): “Drip-feeding” – lean but continuous

Richness of communication

The management used several mediums of communication; information was delivered mainly through e-mails, intranet, face-to-face meetings of general managers with middle-level managers, group meetings and workers' assemblies. From the day the intentions of the sale were announced through an e-mail addressed to all of the employees, top management of Akripol held fortnightly Monday meetings at which they discussed progress on the process, in regard especially to the pool of the potential buyers, strategic market positioning of each of the buyers and potential implications for the company. Later on, they passed this information to middle-level managers which then informed the employees within their respective departments. Moreover, this weekly status updates were also announced on the company's intranet, where the employees had then the opportunity to express their concerns and raise questions. Even though there was clearly a two-way interaction intended, it was not implemented properly, since employees stated that their concerns went unrecognized no matter how many times the questions were asked. To a certain extent, this affected the credibility of the information conveyed from the management (Appendix 3: Quote 7).

Moreover, there were many of mediums employed but the employees still expressed their concerns because during the process, it was unclear what their role will be after the acquisition. Plastoform Group did communicate that the acquisition will be beneficial for the company with a personal letter to all the employees from the company's CEO after the acquisition took place, and explained that it is an opportunity for the company to improve their financial performance, strategic market positioning and take advantage of the synergies (geographical location, cost savings and shared usage of the state-of-the-art machinery).

Nevertheless, they were relatively vague in describing how this will affect their jobs, e.g. will there be any waves of redundancies or decreases in the wages and other benefits. They had no information on the potential changes in the organization of the company and admitted that they therefore relied significantly on rumours since they felt as if the top management was not sharing all the information with them.

After the acquisitions, there was one workers' assembly where the CEO addressed the main strategic directions of the company's future but after that, all of the communication was done through e-mail.

Continuity of the communication

In this particular case, the communication was somewhat lean but continuous and can therefore be categorized as “drip-feeding” in the typology developed by Angwin et al. (2016).

The communication was done throughout the whole process, with the top management communicating regularly through different channels yet employees felt that still certain information was being kept from them. The first point of communication from the top management to the employees was right after the intention of the sale was announced. After that, fortnightly meetings and weekly updates either through e-mail or announcements online kept employees part of the process. After the merger, the top management did touch certain issues but the ones of the potential job losses/reorganizations within the company were not part of the discussion. Four days after the acquisition, first workers' assembly was organized where the general matters were discussed. After that, general information on the acquisition was provided through different mediums on a weekly and, as the time passed, monthly basis.

Outcome

As for the strategic commitment – it was relatively high, since the employees expressed both feelings of hope and fear. Some saw the acquisition as an opportunity to be part of a company

that will finally be able to stand on its feet again and potentially bring better future for them. Plastoform Group had a reputation for quality and excellence in its field and the employees also largely valued the fact that the company came from the same geographical region and was not a foreign player.

Nevertheless, directly after the legal transfer of the ownership, there was a wave of redundancies with the whole top management team being replaced within a three-day period without any notice, including the CEO. Many pointed out that during that period, there were significantly higher levels of fear and uncertainty among departments due to the lack of proper communication on the issue (Appendix 3: Quote 8). At that point, they state, their thoughts about the future within the company's were rather negative, with a noticeable drop in productivity and low morale within the company. The majority agreed on the fact that the communication was rather appropriate but there was still a lot of room for improvements. They also stated that they stayed within the company since it was convenient in terms of the location (close to the main city), they had families living nearby and that they enjoyed the general atmosphere within the company.

Since it is a recent acquisition, data available on the financial performance is rather limited. At the end of 2015, the company noted a loss of €289.447,79 and revenue growth of 1.05%. At the end of 2016, year of the acquisition, the company noted a profit of 113,448,01€ and revenue growth of 5.98%, which surpassed their objective of 3%.

DISCUSSION AND CONCLUSION

This thesis investigated the relationship between the process and content of communication approaches employed and M&A outcome. The shift in research towards the non-financial critical success factors of a deal has forced researchers to pay attention to the role of communication and apart from some noticeable exceptions (Bastien, 1987; Schweiger & DeNisi, 1991; Risberg,

1997; Papadakis, 2005; Lloyd, 2006; Angwin et al., 2016), the topic has not been properly empirically explored. The existing body of knowledge has been rather non-integrative, focused either on pre- or post-merger stages. Moreover, research done by Bastien (1987) and Schweiger & DeNisi (1991) highlights that several types of communication have different implications for the employees and their commitment and consequently also the outcome of the transaction.

Using the data obtained through the semi-structured interviews, this thesis empirically provides further evidence on the link between frequency and timing of communication, richness of communication and mergers' outcome, defined by the employee commitment and improved financial performance.

Through typology, developed by Angwin et al. (2016), two cases of acquisitions with different communication approaches were identified and categorized with regard to the two facets of the framework. The results indicate that an acquisition is more likely to witness higher levels of employee commitment and improved financial performance in a shorter period of time after the transaction has been made if the communication is done on a continuous basis with a rich content. In the case of Papiroti, d.o.o. (perfunctory approach), the communication pre-merger was non-existent. Employees were not aware of the fact that the company was up for sale, which resulted in higher levels of uncertainty and fear, also resentment. After the acquisition, the communication improved, although it still did not include several mediums of communication and was mainly impersonal. This lack of any kind of strategically planned communication plan created an environment of confusion and general disbelief. The communication was therefore regarded as negative, which did not convey feelings of a positive future to the employees and consequently resulted in low levels of (affective) commitment.

Akripol, d.o.o., on the other hand, witnessed a strategically developed communications plan (drip-feeding approach) throughout the whole process, which resulted in increased levels of

employee commitment and improved financial performance in a shorter time frame than in the case of Papiroti. Employees were also aware of the acquisition long before it actually took place, which gave them more room to prepare for the implications it might have. The data also indicates that the alignment between the timing and content of communication is presumed to enhance the deal's performance. As such, the success is not contingent upon only one of the facets but is a result of both of them working simultaneously towards a common objective. The communication approach was viewed as generally positive one but still with some room from improvements since it did not touch the topic of reorganization and dismissals, which was present in both cases and increased the levels of uncertainty in both companies.

Overall, the analysis suggests that if communication is strategically planned in terms of recipients, content of communication and the strategic intent of the acquisition conveyed, employs multiple media and is a two-way street, it will enhance employees' commitment to the company's strategy and accelerate the process of growing and strengthening the company in terms of financial performance. In case of the opposite, it will result in decreased levels of employee commitment which in turn wrecks company's growth perspectives.

Papiroti, d.o.o. experienced a longer transition in terms of enhanced financial performance, which might be attributed not only to the overall lack of communication but also the fact that the due diligence was done in haste and the company had little previous experience on the acquisition since it was only the second acquisition within the portfolio.

To meet the demand of the rising levels of deals' volume and deal count and the overall complexity of the environment, managers need to understand what contributes to the success of an M&A deal. This thesis sheds some light into what are the crucial aspects in terms of communication, i.e. strategically developed communication plan that focuses on the content, channels of communication and frequency throughout the whole process. All of the components

should be aligned in order to achieve the desired outcome. Moreover, when doing so, managers should keep in mind that the ultimate goal of an acquisition is to increase shareholders' value. This is possible, in addition to other factors, when employees identify themselves with company's strategy and values which then in turn translates into increased employee commitment.

Although the comparative case study did allow for obtaining deeper understanding of the process and employees' experiences and reactions, it has its limitations. First, it is focused on only two acquisitions within a single geographic and industrial market of Slovenia and therefore, it cannot necessarily be generalized to other contexts. Moreover, a sample size of ten interviews was acceptable but a larger sample would enable for more statistically supported analysis to be run.

Nevertheless, these recognized shortcomings could inspire researchers to define their future research agendas, especially with regard to why different communication approaches are taken upon and how the change in communication approach throughout the process affect the employees. Future research avenues could also be done in other areas of the company's communication, e.g. media and how the publicity, either positive, neutral or negative, affects employees and their experiences during the process.

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APPENDICES

Appendix 1: Questions evaluating the richness and timing of communication

In order to assess where the company might lie within the typology, questions were asked to establish the richness of communication during the pre-and post-merger stages.

- *Did the company communicate its acquisition strategy (why the M&A was taking place) to you before the deal took place? Yes/No*
- *What methods were used? (General letter, personal e-mail, one-on-one conversations)*
LIST
- *Did the communication you identified happen frequently or not frequently?*

Appendix 2: Questions evaluating employee commitment

Employee commitment is assessed through interview data, with the following questions asked:

- 1) *Did the pre- and post-merger communications from the company about its strategy make you think positively about the future of the company? Please explain.*
- 2) *Did the pre- and post-merger communications make you think positively about your own future within the company?*
- 3) *Overall, to what extent would you say that pre-/post-merger related communications helped encourage your own commitment to the company? Please explain.*
- 4) *After the acquisition, has it become difficult for you to leave your organization, even if you wanted to? Explain.*
- 5) *Did you remain with the company after the acquisition because it was a matter of necessity as much as a desire? Explain.*

Appendix 3: Quotes supporting the statements regarding continuity and richness of communication

Quote 1	“My whole life in the company yet they did not have the decency to say it before it was being published”.
Quote 2	“Probably in no other company in Slovenia people spent more than half of their working hours in the cafeteria. After some time, we did not even feel sort of guilty for doing it since we justified by saying that the management is treating us poor during the whole process and if we might be jobless soon, we see no reason why we should put any effort into daily activities and keep the company running.”
Quote 3	“Everybody knew something was going on and that things will change but nobody knew what exactly since this kind of processes were not happening frequently around us. Also, lots wondered if the fact that the management was so quiet about it meant that the future will not be good for us?”
Quote 4	“We must admit, after a terrible start, the level of information we were given started to improve. Yet there was still some doubt that this is just temporary and that there was something the management was trying to hide from us or maybe try to prepare us for something worse.”
Quote 5	“We were surprised by the actions of the CEO of Plastoform, because we shared information with us on at the beginning almost daily basis. We got to know things that before we thought we were not entitled or not allowed to know about.”
Quote 6	“Even though the crisis started already in 2008, a small company like ours faced the consequences long after. Having small children and living in a geographically remote location in the north-east part of Slovenia, the company was not an option.

	I was grateful just for the mere fact that I had a job which provided me with income. There were lots of people who were working and not getting anything in return.”
Quote 7	“At first, it seemed as if the management really wants to know our opinion on certain issues and to ask if we have any doubts. But then after some time, or after the same questions were posted by different employees and got no response, we started to think that this was only one of the actions that “will look nice on paper but that is more or less it”. It was useless and we started to doubt whether they really want to share information with us and if what they shared up to now was true.”
Quote 8	“We really did not see it coming at all. Of course we did assume that there might be some lay-offs but not at the top level, since it seemed the CEO of Plastoform was in favour to at least the majority of the management group, one of them being his childhood friend. Even that was not a good enough reason for keeping him in the team”.